



Your Property Investment Strategy

Finding the right property for you

This worksheet is designed to help you determine the right property type and location for you. It will take you through a series of questions designed to lead you to the right decision in determining the right property type and location for your next Property Investment purchase. Upon completing this worksheet you should have some clarity on what you are looking for and where you will find it.

Affordability

- 1 How much can you afford to spend on purchasing your next investment property? (ie. what is the purchase price range based on your borrowing capacity)

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(Note: if you are not sure about this you will soon have an opportunity to sit down with your Mortgage Broker to determine your borrowing capacity)

- 2 What rental income do you need to ensure you can afford to keep the property long term? (ie. based on your ideal purchase price range detailed in Q1, how much rent do you need to attract to ensure you can cover any out of pocket costs)?

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(the cash flow calculator resource from Chapter 9 may help you to calculate the rental income you need to achieve your desired out of pocket cost).

Location - State

- 3 Which Australian Capital city do you want to buy in for your next Property Purchase?

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New vs. Old

- 4 Do you want to be able to add value to the property you buy? (eg. through buying an established property and undertaking a renovation or subdivision at some point in the future) or are you more interested in the immediate tax benefits that a new property can bring?

- 5 If you are looking for an established property:
Do you want it to have subdivision/development potential? (ie. be a large block of land)

How much can you spend out of your own pocket to hold the property? (ie. if you are looking for an established property with little depreciation benefits then you need to ensure that you can afford to hold the property in the long term. The less you can afford to contribute out of your own pocket, the lower the purchase price range is likely to be)





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Property Type

- 6 At this stage of your life are high tax deductions (and low after-tax cash out of pocket) more important to you than capital growth?

Yes No

If YES consider a brand-new apartment/unit with good depreciation and tax deductions and low out of pocket costs.

If NO consider looking for older established dwellings on larger blocks of land that have subdivision/development potential in the future (even if you don't intend to undertake the development yourself).

- 7 Can you afford to spend more than \$100/week out of your own pocket for your next investment property?

Yes No

If YES, consider looking for older established dwellings on larger blocks of land that have subdivision/development potential in the future (even if you don't intend if to undertake the development yourself).

If NO, consider a brand-new apartment/unit with good depreciation, low out of pocket costs and high tax deductions OR you may consider a cheap established house in lower socio economic suburbs which have strong rental returns and strong cashflow (Note: when looking in lower socio economic areas you may still be able to find a property within your budget that is on a larger block of land and has





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Whichever property type you choose, make sure you buy a property you can afford to keep over the long term. Use the calculator provided in Chapter 9 bonus resources to calculate the cash out of pocket for any property you are considering purchasing to ensure the out of pocket costs are within your budget. And if you want some extra help and guidance in selecting the right investment property for you, enlist the help of an experienced buyers agent.

In summary, your ideal property type is:

- New Old
- Apartment
- Unit/Townhouse/Semi-Detached
- House on a large block of land

Location - Suburb

- 8 List your top 3 suburbs in your capital city of choice which have median house or unit (depending on which property type you have selected) prices and rental returns within your affordability range as determined in Q1 and Q2 (look for suburbs that have high infrastructure spend (eg. New shopping centres, transport etc), and/or have lower median house prices than their immediate neighbours

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Once you know your preferred location and property type set up email alert searches on Domain and Realestate.com.

